Government of
Saskatchewan

2006
Annual Report

Extended Health Care Plan for Certain Other Employees

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Saskatchewan
Finance

His Honour, The Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of the Province of Saskatchewan
Government House
4607 Dewdney Avenue
Regina, Saskatchewan
S4P 3V7

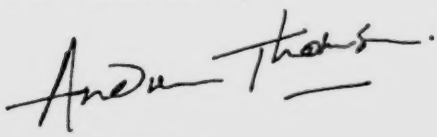
Dear Sir:

Letter of Transmittal

I have the honour to transmit herewith the tenth Annual Report of the Extended Health Care Plan For Certain Other Employees for the year ending December 31, 2006.

I have the honour to be, Sir,

Your obedient servant,



Andrew Thomson
Minister of Finance

Saskatchewan
Public Employees
Benefits Agency

The Honourable Andrew Thomson
Minister of Finance
Regina, Saskatchewan

Sir:

Letter of Transmittal

On behalf of the Public Employees Benefits Agency, I have the honour to transmit herewith the tenth Annual Report of the Extended Health Care Plan For Certain Other Employees for the year ending December 31, 2006.

Respectfully submitted,

Brian Smith
Assistant Deputy Minister
Public Employees Benefits Agency

Extended Health Care Plan for Certain Other Employees

Introduction

The Extended Health Care Plan For Certain Other Employees was established on January 1, 1997.

The Fund is used to account for the transactions of the Extended Health Care Plan For Certain Other Employees which provides health care benefits to certain out-of-scope employees.

As at December 31, 2006, participation in the Plan has been approved by the Lieutenant Governor in Council for out-of-scope employees of the Government of Saskatchewan as defined under *The Public Service Act*.

Advisory Committee Members

Brian Smith
Saskatchewan Finance (PEBA)

Don Zerr
Public Service Commission

Kevin Wilson
Saskatchewan Health

Will Loewen
Public Service Commission

Participating Employers

The following employers participate in The Extended Health Care Plan for Certain Other Employees:

Board of Arbitration under *The Surface Rights Acquisition and Compensation Act* (The)
Chief Electoral Officer (Office of the)
Children's Advocate (Office of the)
Farm Land Security Board
Horned Cattle Fund
Information and Privacy Commissioner (Office of the)
Milk Control Board
Ombudsman (Office of the)
Saskatchewan Archives Board
Saskatchewan Municipal Board

The Government of Saskatchewan with respect to members of the Public Service of Saskatchewan as defined under *The Public Service Act, 1998*

Administration

The Public Employees Benefits Agency has established a fund pursuant to *The Financial Administration Act, 1993* for the purpose of providing benefits under the Plan. An Advisory Committee is responsible for the management and investment of the Fund. The Advisory Committee consists of 4 representatives as nominated by the Saskatchewan Public Service Commission and appointed by Minister's Order.

The Plan pays premiums to Group Medical Services who provide insured extended health coverage. The Plan's risk is limited to the payment of premiums.

Funding

Funding for members covered is employer paid as follows:

- effective January 1, 1997 – 1.0% of straight time annual payroll;
- effective July 1, 2002 – 1.25% of straight time annual payroll;
- effective July 1, 2003 – 1.35% of straight time annual payroll.
- effective July 1, 2006 – 1.55% of straight time annual payroll

Benefits

An employee is eligible for benefits at the start of the pay period immediately following a 6 month period of employment.

Claims are paid on behalf of all family members and covers certain health and vision care benefits.

MANAGEMENT'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

As members of management of the Extended Health Care Plan For Certain Other Employees, we are responsible for the preparation and presentation of the following financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The significant accounting policies adopted in the preparation of the financial statements are fully and fairly disclosed in the financial statements.

We believe the Extended Health Care Plan For Certain Other Employees has a system of internal control adequate to provide reasonable assurance that the accounts are faithfully and properly kept to permit the preparation of accurate financial statements in accordance with Canadian generally accepted accounting principles.

A Board of Trustees, as nominated by the Public Service Commission and appointed by Minister's Order, has been established and is responsible for reviewing the ongoing operations of the Plan.

We enclose the financial statements of the Extended Health Care Plan For Certain Other Employees for the year ended December 31, 2006 and the Provincial Auditor's report on these financial statements.

Brian Smith
Assistant Deputy Minister
Public Employees Benefits Agency

Perry Bahr
Director, Benefit Programs
Public Employees Benefits Agency

Kathy Morgan
Director, Financial Services
Public Employees Benefits Agency

Regina, Saskatchewan
March 13, 2007

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2006

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Extended Health Care Plan For Certain Other Employees as at December 31, 2006 and the statements of operations and net assets, and cash flows for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
March 13, 2007

Fred Wendel, CMA, CA
Provincial Auditor

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES — STATEMENT 1
STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31

	2006	2005
ASSETS		
Due from General Revenue Fund (Note 3)	$ 539,499	$1,082,228
Short Term Investments (Note 4)	870,771	-
Employer contributions receivable	168,174	145,331
Accrued Interest Income	4,377	-
Prepaid expenses	175	151,180
	1,582,996	1,378,739
LIABILITIES		
Accounts payable	1,063	-
Advance from General Revenue Fund (Note 5)	65,000	65,000
	66,063	65,000
Net assets (Statement 2)	$1,516,933	$1,313,739

(See accompanying notes to the financial statements)

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES — STATEMENT 2
STATEMENT OF OPERATIONS AND NET ASSETS

FOR THE YEAR ENDED DECEMBER 31

	2006		2005
	Budget (Note 8)	Actual	Actual
REVENUES			
Employer contributions (Note 1)	$1,735,000	$1,998,593	$1,715,045
Other contributions (Note 7)	-	135,228	-
Interest income (Notes 3 & 4)	24,700	47,332	30,150
	1,759,700	2,181,153	1,745,195
EXPENSES			
Insurance premiums	2,013,500	1,956,263	1,835,099
Administration (Note 7)	41,194	21,696	25,298
	2,054,694	1,977,959	1,860,397
(Deficit) surplus for the year	(294,994)	203,194	(115,202)
NET ASSETS, BEGINNING OF YEAR	1,313,739	1,313,739	1,428,941
NET ASSETS, END OF YEAR (Statement 1)	$1,018,745	$1,516,933	$1,313,739

(See accompanying notes to the financial statements)

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES STATEMENT 3
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31

	2006	2005
Cash flows from (used in) operating activities:		
Employer contributions received	$2,110,977	$1,699,920
Interest income received	42,955	30,150
Insurance premiums paid	(1,804,919)	(1,985,442)
Administration expenses paid	(20,971)	(27,514)
Cash flows from (used in) operating activities	328,042	(282,886)
Cash flows from (used in) investing activities:		
Purchase of investments	(4,318,746)	-
Proceeds from disposal of investments	3,447,975	-
Cash flows from (used in) investing activities	(870,771)	-
Net decrease in Due From General Revenue Fund	(542,729)	(282,886)
DUE FROM GENERAL REVENUE FUND, BEGINNING OF YEAR	1,082,228	1,365,114
DUE FROM GENERAL REVENUE FUND, END OF YEAR	$ 539,499	$1,082,228

(See accompanying notes to the financial statements)

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2006

1. Description of the Plan

The Extended Health Care Plan For Certain Other Employees (Plan) was established on January 1, 1997 pursuant to subsection 64(2) of *The Financial Administration Act, 1993*. The Plan provides extended health care benefits to certain out-of-scope employees of the Government's departments and other agencies.

The Plan is funded by employers, whose participation in the Plan has been approved by the Lieutenant Governor in Council. The Minister of Finance approved the contribution rate change effective July 1, 2006 from 1.35% of regular payroll to 1.55% of regular payroll.

The Government, through the Minister of Finance, entered into an agreement with Group Medical Services (GMS) to provide eligible employees with extended health coverage that expired on December 31, 2005. A new 2 year agreement effective January 1, 2006 was signed with GMS. The Plan pays premiums for eligible employees to GMS as set out in the agreement. The Plan's risk is limited to the payment of these premiums.

The Public Employees Benefits Agency (PEBA) manages the Plan under direction from the Advisory Committee. The Advisory Committee is made up of employers' representatives appointed by Minister's Order.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles.

3. Due from General Revenue Fund

The Plan's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Plan's bank account using the Government's thirty day borrowing rate, and the Plan's average daily bank account balance. The Government's average thirty day borrowing rate in 2006 was 3.95% (2005 – 2.57%).

4. Short-Term Investments

Short-term investments are comprised of T-Bills, notes and commercial paper with effective interest rates of 4.2% to 4.3% and an average remaining term to maturity of 41 days. Investments are purchased through the Treasury and Debt Management Branch of the Department of Finance and are subject to the Department's investment guidelines. The guidelines require that investments must meet a minimum investment standard of "R-1" rating, as rated by a recognized credit rating service.

5. Advance from General Revenue Fund

The General Revenue Fund advanced the Plan monies when the Plan began operations. The advance is required because the Plan must pay premiums at the beginning of each month and

employer contributions are not received until after the end of each month. The advance is interest-free with no fixed maturity date.

6. Financial Instruments

The Plan's financial instruments include due from General Revenue Fund, employer contributions receivable, short term investments, accrued interest income, accounts payable and advance from General Revenue Fund. Due to the immediate or short-term nature, the fair value of these instruments approximates carrying value.

7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Plan by virtue of common control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). Related party transactions with the Plan are in the normal course of operations and are recorded at the agreed upon exchange amounts charged by these organizations.

All employer contributions and employer contributions receivable are from related parties. Also, PEBA charged the Plan $21,696 (2005 - $25,298) for administration expenses.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

Effective April 1, 2005, Saskatchewan Property Management Corporation changed to the Department of Property Management and became a participating employer. Effective that date all its employees began receiving extended health care benefits through the Plan. On April 17, 2006, the Plan received $135,228 additional contributions from the General Revenue Fund for the transferring employees.

8. Budget

PEBA prepares the budget for approval by the Advisory Committee.